

HOUSE BILL 2965

By Hardaway

AN ACT to amend Tennessee Code Annotated, Title 4;
Title 5; Title 6; Title 7; Title 67 and Title 68, relative
to taxation.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-228, is amended by deleting subsection (a) in its entirety and by substituting instead the following:

(a) Notwithstanding any provision of this part to the contrary, except as otherwise provided in subsection (b), the retail sale of food and food ingredients for human consumption shall be taxed at the rate of four and one half percent (4.5%) of the sales price.

SECTION 2. Tennessee Code Annotated, Title 68, is amended by adding the following language as a new chapter:

Section 68-116-101. As used in this part, unless the context otherwise requires:

(1) "Amateur athlete" means a person who does not receive, or accept, compensation for participation in an athletic activity, event or contest;

(2) "Athletic event" means any sport, athletic game, contest, or race involving machines, persons or animals either viewed by the public or for which a fee or admission is charged;

(3) "Commissioner" means the commissioner of commerce and insurance;

(4) "Compensation" means any salary, fee, payment, reimbursement or other valuable consideration, or any combination thereof, whether received or to be received; provided that "compensation" does not include the reimbursement of reasonable expenses incurred by an athlete in connection with participation in an athletic event, or trophies, medals, shirts, jackets or other symbols of participation;

(5) "Professional athlete" means a person that receives compensation, in any form, for participation in an athletic event; and

(6) "Professional coach" means a coach who receives compensation for coaching professional athletes, amateur athletes or both.

Section 68-116-102.

(a) Beginning on August 1, 2008, each professional athlete and each professional coach shall register with the department of commerce and insurance prior to participation in any athletic event in Tennessee or prior to coaching a professional athlete in Tennessee.

(b) A violation of this section is a Class C misdemeanor, punishable by fine only.

Section 68-116-103.

(a)

(1) The commissioner shall develop a registration form for professional athletes and professional coaches. Each form shall be signed by the athlete or coach and submitted to the department with the following:

(A) A registration fee of one hundred dollars (\$100); and

(B) Any additional information the commissioner deems appropriate.

(2) Upon submission of the registration form, fee and any additional information required by the commissioner, the commissioner shall issue a registration card to each professional athlete and professional coach competing or coaching in Tennessee.

(3) A person may register as both a professional athlete and a professional coach and such dual registration shall be noted on the person's registration card. No person shall be required to pay more than one (1)

registration fee for registering as both a professional athlete and a professional coach during the same registration period.

(b) A registration card shall include, but not be limited to, the full name of the athlete or coach and the primary sport in which the athlete or coach participates. Each card shall contain a unique identifying number.

(c) An athlete or coach shall produce a valid registration card upon request of the commissioner, law enforcement official, hospital official or district attorney general.

(d) Such card shall be valid for one (1) year from the date of issuance and shall be renewable annually.

SECTION 3. Tennessee Code Annotated, Section 67-4-1702(a), is amended by adding the following language as a new subdivision:

(7) Persons registered as professional athletes, professional coaches or both pursuant to chapter 68, chapter 116, part 1.

SECTION 4. Tennessee Code Annotated, Section 67-4-1703, is amended by deleting the section in its entirety and by substituting instead the following language:

Section 67-4-1703.

(a) Except as provided in subsection (d), the privilege tax established by this part is four hundred dollars (\$400) annually.

(b) Any person who is licensed or registered for two (2) or more professions taxed pursuant to the provisions of this part shall not be required to pay more than one (1) tax in the amount of four hundred dollars (\$400); provided that any person registered as an athlete agent, professional athlete, professional coach, or any combination thereof, shall not be required to pay more than one (1) tax in the amount provided in subsection (d) of this section and shall not be required to pay tax in the amount of four hundred dollars (\$400) pursuant to

subsection (a) if licensed or registered for one (1) or more other professions subject to the tax.

(c)

(1) No tax owed under this part by a person in the armed forces of the United States, or called into active military service of the United States, as defined in § 58-1-102, from a reserve or national guard unit, shall be due until one hundred eighty (180) days following the conclusion of hostilities in which such person is actually engaged outside the United States or one hundred eighty (180) days after such person is transferred from the theater of operations of such hostilities, whichever is sooner.

(2) A person claiming this delay shall present proof, satisfactory to the commissioner, of such person's deployment and stationing outside the United States during a period of hostilities and proof of such person's return from such deployment.

(3) This subsection (c) shall expressly apply to personnel stationed outside the United States during Operation Enduring Freedom or other hostilities where the military personnel are entitled to combat compensation as determined by the United States department of defense.

(d) The privilege tax established by this part for any person subject to the tax pursuant to § 67-4-1702(a)(6) and (7) is:

(1) Four hundred dollars (\$400) if such person's annual adjusted gross income, as reported to the United States internal revenue service for income tax purposes, is less than fifty thousand dollars (\$50,000); or

(2) One thousand dollars (\$1,000) per each fifty thousand dollars (\$50,000), or portion thereof, of income if such person's annual adjusted gross

income, as reported to the United States internal revenue service for income tax purposes, is fifty thousand dollars (\$50,000) or more.

(e) Except as provided in subsection (c), the privilege tax is due and payable on June 1 of each year. Taxes paid after June 1 are delinquent.

SECTION 5. Any registration fees collected pursuant to the provisions of Section 2 of this act shall first be used to defray the cost of administration of Section 2 of this act and any fees in excess of the amount required to defray such costs shall be deposited in the general fund.

SECTION 6.

(a) The commissioner is authorized to promulgate rules and regulations as the commissioner deems necessary to effectuate the purposes of this act. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(b) Notwithstanding the provisions of §§ 4-5-208 and 4-5-209 or any other provision of law to the contrary, the commissioner is authorized to promulgate public necessity rules and emergency rules to implement the provisions of this act.

SECTION 7. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 8. Section 1 of this act shall take effect January 1, 2009, the public welfare requiring it. All other Sections of this act shall take effect July 1, 2008, the public welfare requiring it.